

STATE OF INDIANA



INDIANA UTILITY REGULATORY COMMISSION
302 W. WASHINGTON STREET, SUITE E-306
INDIANAPOLIS, INDIANA 46204-2764

<http://www.state.in.us/iurc/>
Office: (317) 232-2701
Facsimile: (317) 232-6758

IN THE MATTER OF THE COMMISSION)
INVESTIGATION AND GENERIC PROCEEDING)
OF RATES AND UNBUNDLED NETWORK)
ELEMENTS AND COLLOCATION FOR INDIANA)
BELL TELEPHONE COMPANY, INCORPORATED)
d/b/a SBC INDIANA PURSUANT TO THE)
TELECOMMUNICATIONS ACT OF 1996 AND)
RELATED INDIANA STATUTES)

CAUSE NO. 42393

FILED

APR 30 2003

INDIANA UTILITY
REGULATORY COMMISSION

You are hereby notified that on this date the Indiana Utility Regulatory Commission ("Commission") makes the following entry in this Cause:

On March 12, 2003, the Commission, on its own motion, initiated an investigation and issued an Order in this Cause for the purpose of considering, among other things, (1) what network elements should be unbundled and (2) whether it may be appropriate to establish updated rates for SBC's unbundled network elements ("UNEs"). During the April 15, 2003 Prehearing Conference conducted in this Cause, the Presiding Officers directed the parties to file, on or before April 23, 2003, a statement as to which UNEs, and the extent to which those UNEs, should be included in this proceeding.

On April 23, 2003, Indiana Bell Telephone Company, Incorporated ("SBC Indiana") filed its *Submission of Position on UNE Elements To Be Considered and Methodology*, proposing that the scope of this proceeding be limited to the recurring and nonrecurring rates for UNE loops and the nonrecurring charges for the unbundled network elements platform ("UNE-P"), enhanced extended links ("EELs"), and special access to UNE conversions. On April 23, 2003, the Indiana Office of Utility Consumer Counselor filed the *Public's Statement of Issues*, proposing a proceeding that would allow a comprehensive scope of review of all current SBC Indiana UNE and collocation rates, ensuring that each party has the opportunity to present evidence on every rate that it believes to be wrong, outdated, unnecessary, or missing. On April 23, 2003, AT&T Communications of Indiana, GP, TCG Indianapolis, WorldCom, Inc., Z-Tel Communications, Inc., Nuvox Communications of Indiana, Inc., and McLeodUSA Telecommunications Services, Inc. ("Joint CLECs") filed their *CLEC Position Statement on Scope of Proceeding*, proposing a proceeding in which the parties be allowed to introduce evidence on cost trends from 1998 to the present, market predictors and other new information not previously considered by the Commission related to UNEs, which information would be used to develop adjustment factors applicable to current SBC Indiana UNE prices. As an alternative to this preferred approach, the Joint CLECs propose a hybrid scope that would apply the Joint CLECs' preferred approach to a

review of recurring and nonrecurring costs for loops, nonrecurring costs for UNE-P, EELs, and special access to UNE conversions. On April 23, 2003, Z-Tel Communications, Inc. ("Z-Tel"), also filed an *Additional Position Statement*, proposing that SBC Indiana be required to demonstrate that the rates, terms and conditions for each UNE affected by this Cause are lawful and non-discriminatory.

Having considered the above proposals on the list of elements to be considered, the Presiding Officers have determined that the following elements should be considered in this proceeding: recurring costs for UNE loops and nonrecurring costs for UNE loops, UNE-P, EELs, special access to UNE conversions, and suspension of service discussed in Cause No. 42214-INT-01.

While we would have preferred to do a comprehensive re-examination of SBC Indiana costs, we accept the argument of SBC Indiana, with which the CLECs were in substantial agreement, that a comprehensive review is impossible given the time frames of our Prehearing Conference Order. We added the cost of suspension to the list of elements because we set the rate for restoral in Cause No. 42214-INT-01 (BuyTel Arbitration), but we did not address the cost of suspension. Given that we are addressing nonrecurring costs, and we stated in Cause No. 42214-INT-01 that "the cost and pricing issues for suspension are similar if not identical to those of restoral," determining the cost of suspension should not burden the parties.

Regarding the cost methodology for the above elements to be considered, we believe it is appropriate to examine factors specifically including, but not necessarily limited to, cost of capital, depreciation, shared and common costs, and fill factors to determine the final recurring charge for UNE loops. Furthermore, today UNE loop rates are set using three zones based on the number of main terminals in the local calling area. If any party believes that further granularity may be needed to account for differences in a specific geographic area below the level of the current zones such as the factors mentioned previously or other factors, such as terrain, it may file a cost study incorporating these differences. We will not indicate a specific methodology for nonrecurring charges.


Z-Tel's *Additional Position Statement* seeks Commission participation to resolve an issue about the rates SBC Indiana charges to Z-Tel. We believe it appropriate for Z-Tel to first seek to resolve this issue within the parameters of its contractual interconnection agreement.

In their *CLEC Position Statement on Scope of Proceedings*, the Joint CLECs propose that SBC Indiana be directed to provide the Joint CLECs with discovery information already in SBC Indiana's possession from cost study proceedings in Texas, Illinois, and California. The parties to this Cause are expected to engage in discovery in an informal and good faith manner. While the Presiding Officers are not inclined to rule on a substantive discovery issue between or among the parties prior to a discovery dispute being raised, we are aware that a discovery dispute could adversely affect the schedule in this Cause. Any discovery dispute that the parties cannot resolve informally should immediately be brought to the attention of the Presiding Officers.

As stated in our April 23, 2003 Prehearing Conference Order, SBC Indiana should prefile its UNE loop cost study on or before May 16, 2003. SBC Indiana should prefile its remaining

cost studies, and any other party also intending to do so should prefile cost studies, on or before May 30, 2003. Any party that proposes to demonstrate its cost model at the June 6, 2003 Technical Conference should contact Joel Fishkin of the Commission's Telecommunications Division so that he may plan the Technical Conference schedule accordingly.

IT IS SO ORDERED.

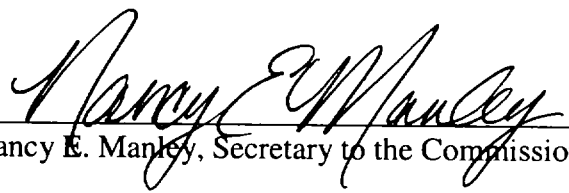


Larry S. Landis, Commissioner



William G. Divine, Administrative Law Judge

Date: 4/30/03



Nancy E. Manley, Secretary to the Commission